THE UNIVERSITY OF THE WEST INDIES, ST. AUGUSTINE  
FACULTY OF SOCIAL SCIENCES 
DEPARTMENT OF MANAGEMENT STUDIES 

ACCT 1002 – INTRODUCTION TO FINANCIAL ACCOUNTING 

COURSE OUTLINE 

NO. OF CREDITS: 3  
LEVEL: I  
PREREQUISITES: NONE 

COURSE DESCRIPTION 

This course is an introductory course designed for students of accounting and those in other areas of study. It aims at providing a practical and a theoretical understanding of the principles and concepts involved in the preparation of financial statements. Students are exposed to a conceptual analytical approach with the aim of improving their critical thinking and communicative skills. 

In the delivery of this course, theory will be discussed in an instructor led lecture environment. For all topics covered at least one in-class question would be completed. It is hoped that this combination of methods will enable students to apply the theories discussed to solve problems. 

COURSE RATIONALE 

This course will introduce students to the principles, concepts and applications of financial accounting. 

By the end of the course, students should be able to:  
- Understand basic accounting issues for the major types of business entities, namely the sole proprietorship, the partnership and the corporation  
- Maintain and update basic accounting records for the above entities  
- Prepare basic accounting reports (financial statements), namely, the Balance Sheet, Income Statement and Statement of Owner’s Equity  
- Interpret accounting information  
- Use accounting information in decision-making
INSTRUCTOR’S INFORMATION

For this course there will be three lecturers as follows:

Name: Mr. Inshan Allaham
Location: Management Studies Building, Secretariat
Email: Inshan.Allaham@sta.uwi.edu
Office Hours: TBA

Name: Raul Raghunandan
Location: TBA
Email: raulkraghu@hotmail.com
Office Hours: TBA

CONTENT

Part 1 (Chapters 1 & 2) Focuses on introducing the student to the double entry system of accounting.

Part 2 (Chapters 3 & 4) Introduces financial statements of the sole proprietorship, with attendant issues such as adjusting and closing entries and for service and merchandising businesses.

Part 3 (Chapters 5-8) Features the various books of original entry and internal control issues (Chapter 5) and then launches into details of accounting for the major assets and liabilities, namely, cash (Chapter 5), accounts receivable and payable (Chapter 6 & Appendix), inventory (Chapter 7) and operating assets: property, plant and equipment (Chapter 8).

Part 4 (Chapters 9 & 10) Deals with accounting for the partnership (Chapter 9) and corporation.

GOALS/AIMS

By the end of the course, students should be able to:

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- Maintain and update basic accounting records for the above entities
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- Use accounting information in decision-making
LEARNING OUTCOMES

Part One
Lesson One – Introduction to Financial Accounting
After studying this lesson, you should be able to:
Define accounting and list the users of accounting information
Summarize the uses and limitations of accounting information
Differentiate between financial and management accounting
Explain the use of accounting principles in financial reporting
Define assets, liabilities and owner’s equity, and appreciate the relationship of these components on the accounting equation
Determine the impact of transactions on the accounting equation
Identify the items that make up owner’s equity
Use revenues and expenses to prepare a summary income statement

Lesson Two – Recording Accounting Information
After studying this lesson, you should be able to:
Explain the double entry principle of accounting
Define the term “Account” and demonstrate the use of a chart of accounts
Describe the basic accounting records
Describe the process of journalizing transactions and posting entries to the General and Subsidiary Ledgers
Prepare a Trial Balance
Determine the impact of errors on the trial balance and apply various steps necessary to locate an error

Part Two
Lesson Three – Recording Accounting Information
After studying this lesson, you should be able to:
Identify the major elements of an Income Statement, Statement of Owner’s Equity and a Balance Sheet
Explain the impact of the “periodicity” assumption
Apply the revenue recognition principle
Apply the matching principle and record expenses in the proper accounting period
Explain cash basis accounting
Prepare adjusting entries

Lesson Four – Closing Accounts and Accounting for a Merchandising Business
After studying this lesson, you should be able to:
Close a set of books and prepare a post-closing trial balance
Describe the steps in the accounting cycle
Chart the elements of an operating cycle and construct a classified balance sheet
Account for typical transactions in a merchandising business
Compute cost of goods sold and gross profit to prepare financial statements for a merchandising business.

Part Three
Lesson Five – Accounting Systems, Control Accounts, Internal Controls and Cash Management
After studying this lesson, you should be able to:
Describe the role and importance of an accounting system
Understand the role of and relationship among control accounts, subsidiary ledgers and special journals
Explain the nature of internal control and identify the relevant procedures
Explain Cash Management and identify cash control procedures
Prepare a bank reconciliation
Establish and operate a petty cash system

**Lesson Six – Accounting for Receivables and Payables**
After studying this lesson, you should be able to:
Identify the costs related to credit sales
Discuss the categories of receivables
Compare and contrast the direct write off and the allowance methods of accounting for uncollectible accounts
Compare and contrast the income statement and the balance sheet methods of accounting for uncollectible accounts
Account for write-offs and subsequent recoveries under the allowance method
Use key ratios to evaluate receivables collections
Determine internal controls that apply to receivables
Calculate and determine journal entries for notes receivable and interest

**Lesson Seven – Inventory**
After studying this lesson, you should be able to:
Describe the nature of inventory
Understand ownership issues with goods in transit and on consignment
Identify the effects of inventory errors on the financial statements
Apply the following methods to cost inventory: Specific Identification Method, FIFO, LIFO, and Weighted Average Cost method
Apply the lower of cost or market method
Account for inventory purchases using the periodic and perpetual systems
Prepare a single step and multiple step income statement for a merchandising business

**Lesson Eight – Property Plant & Equipment, and Natural Resources**
After studying this lesson, you should be able to:
Describe the nature of property, plant and equipment (PP&E)
Calculate the cost of PP&E
Determine whether expenses related to PP&E are capital or operating expenditure
Explain the concept of depreciation
Compute depreciation using the following methods: Straight Line, Units of Output and declining balance
Account for revisions in depreciation rates
Determine cost and depletion for natural resources

**Part Three**
**Lesson Nine – Partnerships**
After studying this lesson, you should be able to:
Compare and contrast a partnership business with a sole trader
Account for the formation of a partnership and distribution of profits
Account for the addition and withdrawal of a partner
Account for the liquidation of a partnership

**Lesson Ten – Corporations**
After studying this lesson, you should be able to:
Identify the features of a corporate entity
Distinguish between common and preference stock, and calculate the dividends associated with them
Describe the nature of paid-in-capital and share capital
Account for par, no-par and stated value stock
Prepare and interpret the stockholder’s equity as presented on the balance sheet
Account for treasury stock
Describe and where relevant account for cash and stock dividends and stock splits
Apply rules for accounting for changes in policy, error or major operating changes
Compute earnings per share and book value per share

ASSIGNMENTS

Assignments (15 marks)- the assignment problems are attached to the course outline
  • See attached and guidelines below.

Assignment 1(10 marks) - Due end of the 6th week – Accounting cycle.
Return of assignment number 1 – week 7
  • Midterm – 8th week

Assignment 2 (5marks) – Due end of the 9th week – Internal control and inventory.
  • Return of assignment 2 – week 10

Instruction for Students/Tutors/Lecturers

1. Assignments to be done in groups between four (4) and (6) students from the same tutorial group.
2. Assignment 1 is due in the 7th week of lecture.
3. Assignment 2 is due in the 9th week of lecture.
4. Each group must hand in their assignments to their respective tutors and not the lecturers (in the case of St. Augustine/ Evening University South).
5. Late assignments will not be marked and a zero (0) mark is assigned to that group
6. Lecturer/Tutor must mark assignment 1 and return it to the students by the end of the 8th week
   and assignment 2 by the end of the 10th week.
7. All assignments MUST BE word processed or typed.

COURSE ASSESSMENT

The aim of the assessments is to ensure that the student is knowledgeable on the materials presented in the course, and can apply the techniques to solving business problems.

Coursework: (40% of course mark):

1. 25% - Students will be required to write a coursework exam. This will take the form of twenty-five multiple choice questions, each worth one mark. The exam will be one hour long and will cover lessons one to five. Examination date will be Tuesday 13th March, 2012, 5:00 – 6:00 PM

2. 15% - Comprehensive Problems – to be done in groups of between four and six persons. Assignment and guidelines for submission are attached to this outline.

Final Examination (60% of course mark)
All topics, lessons one to ten will be examined in the final exam. This exam will be two hours long.
**TEACHING STRATEGIES**

There will be three (3) hours of lectures and one (1) tutorial hour each week. Instructional methods will include class discussion and problem solving.

**Lectures:** You are expected to read the assigned material prior to each class session and participate actively in class discussions. **Assigned readings and problems represent the minimum preparation for the materials to be considered in lectures.** All lectures and illustrative materials presented in class will be based upon the assumption that all assigned readings have been done and problems attempted prior to the lecture on each topic. While attendance is not compulsory, students are responsible for all announcements made in class.

If you do not understand something in class, there are probably a few other students who are also experiencing difficulty, so please do not hesitate to ask questions. **Please note that this course material cannot be digested two (2) to three (3) weeks before the examination. Success in this course can ONLY be achieved by keeping abreast with the material and practicing what you learn by attempting as many questions as possible throughout the semester.**

**Tutorials:** These are small group meetings designed to develop students’ proficiency in financial accounting techniques through the use of worked examples. These sessions will also be used to encourage discussion of the material. **Assigned material MUST be attempted prior to each session.** Tutorials will commence the second week of the semester.

**RESOURCES**

**Required Text**


**Recommended Reference Texts**

*Accounting: The Foundation for Business Success* – Solomon, Walther, Vargo and Plunkett (SWVP), 5th edition, (South-Western)

## COURSE CALENDAR

<table>
<thead>
<tr>
<th>Week</th>
<th>Lecture Topic (Assigned Reading)</th>
<th>Chapter</th>
<th>Tutorial Assignment</th>
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<tbody>
<tr>
<td>1</td>
<td><strong>PART 1</strong>&lt;br&gt;Nature and Purpose of Accounting; Definition of Accounting; Users of Accounting Information; The Accounting Equation</td>
<td>1</td>
<td>P1-3, P1-4, P1-8, P1-10</td>
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<td>2</td>
<td>Double Entry Bookkeeping; Analyzing and Summarizing Transactions in Accounts; The Trial Balance</td>
<td>2</td>
<td>P2-1, P2-5, P2-7, P2-9</td>
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<tr>
<td>3</td>
<td><strong>PART 2</strong>&lt;br&gt;Adjusting Journal Entries; Worksheets; Financial Statements</td>
<td>3</td>
<td>P3-1, P3-6, P3-8, P3-9</td>
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<tr>
<td>4</td>
<td>Completing the Accounting Cycle; Accounting for Merchandise Business</td>
<td>4</td>
<td>P4-3, P4-5, P4-7, P4-10</td>
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<tr>
<td>5</td>
<td><strong>PART 3</strong>&lt;br&gt;Internal Control; Cash Management and Bank Reconciliations</td>
<td>5</td>
<td>P5-1, P5-4, P5-7, P5-9</td>
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<td>6</td>
<td>Coursework Examination</td>
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<tr>
<td>7</td>
<td>Accounting for Receivables and Payables</td>
<td>6</td>
<td>P6-1, P6-4, P6-6, P6-12, P6-1A, P6-2A, P6-7A, P6-10A</td>
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<td>7</td>
<td>Inventory Systems and Valuation Methods</td>
<td>7</td>
<td>P7-2, P7-5, P7-6, P7-8</td>
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<td>8</td>
<td>Property, Plant and Equipment; Natural Resources</td>
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<td>P8-1, P8-4, P8-20, P8-32, P8-41</td>
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<td>9</td>
<td><strong>PART 4</strong>&lt;br&gt;Partnership Accounts</td>
<td>9</td>
<td>P9-1, P9-3, P9-4, P9-5, P9-11</td>
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<td>Corporation Accounts I</td>
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<td>11</td>
<td>Corporation Accounts II</td>
<td>10</td>
<td>P10-11, P10-12, P10-13, P10-15</td>
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<td>12</td>
<td>MAKE UP &amp; REVIEW</td>
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### ADDITIONAL INFORMATION

**UNIVERSITY ACADEMIC INTEGRITY POLICY/EXAMINATION REGULATIONS**

- Please consult Section V (especially sub section B which deals with cheating) of the University of the West Indies, Examination Regulations for First Degrees, Diplomas and Certificates for details of this policy.

- General Examination Regulations 19 – Absent from lectures and tutorials
**Code of Conduct during Class**

The following guidelines facilitate the creation and maintenance of an effective learning environment. All students are expected to adhere to the guidelines throughout the semester.

- Switch off all cellular phones and beepers before the start of each class session
- Be civil at all times. We can disagree without being disagreeable
- Read all assigned materials and attempt all assigned problems before the start of each class
- Participate in class discussions. Question on the subject matter are welcomed at any time
- Deadlines are firm! Plan to meet them

**GRADING SYSTEM**

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<th>Grade</th>
<th>Marks</th>
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<td>86 and over</td>
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<td>Less than 40</td>
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